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SENSITIVE
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USTR for Bennett Harman
USDOC 4332/MGAISFORD

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TAGS: [ETRD](#) [ECON](#) [EFIN](#) [EC](#)
SUBJECT: ECUADOR MODIFIES TRADE MEASURES

REFTEL A: State 6737
B: Quito 60
C: 08 Quito 1178

¶1. (U) Summary: On January 27 and January 30, the GOE modified its balance of payment (BOP) safeguard measures and standards conformity procedures, in response to importer concerns. The safeguard measures will not be applied to products in transit before the measure went into effect on January 22; several additions and deletions were also made to the list of products subject to safeguard. Ecuador also modified standards conformity procedures, allowing more flexibility for a 180-day period. End Summary.

¶2. (U) On January 30, Ecuador's trade policy body COMEXI issued Resolution 468, slightly modifying Resolution 466 which implemented a series of restrictions under a BOP safeguard measure (ref B). Resolution 468 establishes that the new trade measures will not apply to products that were in transit before the initial BOP trade measures were issued. A few products were removed from the list of products subject to BOP safeguard measures, including specialty medicated baby formula, tomato paste, certain juice concentrate and certain plastic products (flip top plastic lids, for example). The new resolution also adds several new products to the BOP measure. Notably, courier packets with a value of between \$400 and \$2000, or a weight of between 4 and 50 kilograms will pay a 35% tariff, as will passenger luggage not exempt from tribute. Certain couriered clothing will now be required to pay a specific tariff of \$12 per kilogram. (The resolutions can be found on COMEXI's website at: <http://www.comexi.gov.ec/resoluciones2009.sht> ml.)

STANDARDS REQUIREMENTS MODIFIED

¶3. (U) Ecuador's Quality Council (CONCAL) issued Resolution 7 on January 27, modifying requirements for standards conformity that were implemented in December 2008. The initial requirements imposed tighter requirements for companies to certify that their products complied with Ecuador's safety and quality standards and did not provide a phase-in period (ref C). In response to the initial measures, Post made the points contained in ref tel A.

¶4. (SBU) Resolution 7 modifies the procedures for obtaining the mandatory "Inen 1" quality certificate, allowing more flexibility in how conformity is confirmed. Felipe Urresta, Director of the Ecuadorian Standards Institute (INEN), clarified the new standards requirements for Post's commercial office. He explained that a key component of the new resolution is that it allows importers to go back to providing a self-declaration of conformity with Ecuadorian standards, if a company is ISO 9001 certified. The company must also provide proof of ISO 9001 certification by an accredited

organization. Beginning March 15, companies must also provide their conformity evaluation records (lab tests). Companies can use valid "Inen 1" certificates issued before the new requirements were issued in December. Urresta clarified that although new certificates would be needed for each shipment, companies would not necessarily need to submit all of their supporting documentation each time. The certificates are to be processed in three working days. The provisions of Resolution 7 will be in effect until CONCAL issues new procedures in 180 days.

¶5. (SBU) U.S. companies have told Post that they are pleased the self-certification option is once again available and will make use of this option. However, they are concerned about potential delays in the certification process and that the process may change again in 180 days.

Comment

¶6. (SBU) Both the certification and BOP safeguard measures were quickly implemented because of Ecuador's balance of payments pressures. Ecuadorian officials were surprisingly frank that the certification measure was done in part because of the BOP pressure, although they quickly added that the GOE had previously been lax in enforcing its standards. With the safeguards measure in place, they have revisited the certification requirements, providing more flexibility as they consider longer-term certification requirements.

We will urge Ecuadorian authorities to take industry views into consideration as they draft the new requirements, and provide an appropriate degree of flexibility and transition.

¶7. (SBU) Unlike the now-replaced December certification requirement, at least parts of the Ecuadorian business sector had an opportunity to comment on and modify the safeguard measure. Even so, government authorities have indicated a willingness to modify further the measure, provided its broad intent of restricting trade remains intact. The January 30 resolution is part of that process. Based on official comments, we expect that the GOE will also look to accommodate certain company-specific concerns, and we are urging U.S. companies to make those concerns known to the GOE.

HODGES